

Message Text

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PAGE 01 JIDDA 07513 281345Z

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ACTION NEA-10

INFO OCT-01 ISO-00 SSO-00 PM-03 NSC-05 SP-02 SS-15 RSC-01

L-02 AID-05 IGA-01 OMB-01 EB-07 NSCE-00 INRE-00

CIAE-00 INR-07 NSAE-00 MC-01 /061 W

----- 007209

O 281300Z DEC 74

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC NIACT IMMEDIATE 9654

SECDEF WASHDC

CSAF WASHDC

USMTM CHAHRAN

C O N F I D E N T I A L JIDDA 7513

SECDEF FOR ISA

CSAF FOR GENERAL PRICE

E.O. 11652: GDS

TAGS: MASS, SA

SUBJECT: EXTENSION OF F-5 LETTER OF OFFER

REF: STATE 179829

1. AMBASSADOR MET DECEMBER 28 WITH PRINCE SULTAN TO CONVEY CONTENTS REFTEL. SULTAN ACKNOWLEDGED WITH CHAGRIN INFORMATION THAT FAILURE TO SIGN LOA BY DECEMBER 31 WOULD RESULT IN COST INCREASES. THE COUNCIL OF MINISTERS WOULD MEET WEDNESDAY (JANUARY 1) TO CONSIDER THE LOA; IF IT APPROVED, THE MATTER WOULD BE FORWARDED TO KING FAISAL ON THURSDAY (JANUARY 2) FOR HIS APPROVAL. NOTHING, OF COURSE, WOULD BE DONE ON FRIDAY. THE MATTER MIGHT REST IN THE KING'S OFFICE A FEW DAYS DUE TO THE KING'S INVOLVEMENT WITH DEPARTING FOREIGN DIGNITARIES ON PILGRIMAGE. SURELY, SULTAN CONCLUDED, SOMETHING COULD BE DONE TO INSURE THAT A DELAY OF A WEEK OR 10 DAYS WOULD NOT RESULT IN THE ADDITIONAL TENS OF MILLIONS OF DOLLARS COST PRE-
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PAGE 02 JIDDA 07513 281345Z

DICTED BY REFTEL. AS AN ASIDE, SULTAN COMMENTED THAT

ALTHOUGH THE SAG HAD NOT ACCEPTED THE RECENT FRENCH TANK OFFER UNTIL SIX MONTHS PAST THE EXPIRATION DATE OF THE OFFER, THE FRENCH CONCLUDED THE DEAL AT NO ADDITIONAL COST (THOUGH THEY INITIALLY REQUESTED AN ADDITIONAL 159 MILLION FRANCS.)

2. SULTAN AGAIN ASKED THAT MODA BE GIVEN THREE MONTHS TO CONSIDER LETTERS OF OFFER, PARTICULARLY ONES AS SIGNIFICANT AS THE ONE IN QUESTION. AMBASSADOR NOTED THAT IT WAS SAG REQUESTS FOR CHANGES IN THE ORIGINAL LOA WHICH RESULTED IN THE PRESENT REVISED LOA NOT BEING PRESENTED UNTIL EARLY DECEMBER, WITH THE RESULTING SHORT SUSPENSE TIME.

3. WE FULLY BELIEVE THAT THE SAG WILL SIGN THE F-5 LETTERS OF OFFER AND THAT THERE IS LITTLE THAT CAN BE DONE TO SPEED UP THE COMPLETION OF THE ADMINISTRATIVE STEPS REQUIRED. CONFIDENTIALLY, WE BELIEVE KING HAS ALREADY GIVEN HIS APPROVAL IN PRINCIPLE, AND THAT GO-AHEAD MERELY REQUIRES HIS CONFIRMATION OF EXPECTED COUNCIL OF MINISTERS APPROVAL.

4. ACTION REQUESTED: THAT DOD ASK NORTHROP TODAY TO DELAY PRODUCTION DECISIONS AND TO HOLD THE LINE ON PRESENT PRICES AN ADDITIONAL WEEK TO TEN DAYS AFTER DECEMBER 31. IF IT DOES, THE CONTRACT WILL ALMOST CERTAINLY BE SIGNED. IF NOT RPT NOT, THE CASE WILL HAVE TO BE TAKEN UP AGAIN WITH COUNCIL OF MINISTERS AND THE DELAY WILL BE EVEN GREATER.
AKINS

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Disposition Approved on Date:
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Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
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